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## Farm Outlook

Gene Futrell  
*Iowa State University*

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# Farm Outlook...

## CATTLE INVENTORY . . .

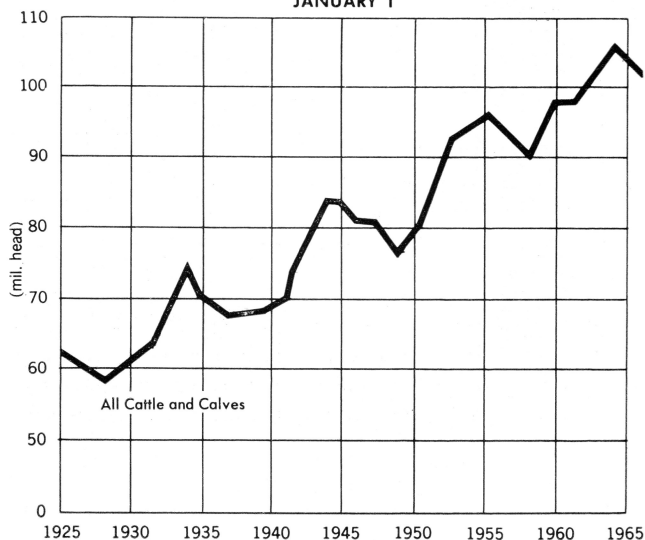
The number of cattle on U. S. farms and ranches declined slightly in 1965, following a 7-year cyclical build-up. The January 1, 1966, inventory of all cattle totaled 106.6 million head, down .6 percent from the record number on hand a year earlier. A 6 percent drop in dairy cattle numbers accounted for all of the decrease. Total beef cattle numbers were up 1 percent during the year.

In Iowa, there were 7.2 million head of cattle on farms January 1 — 2 percent fewer than a year earlier. Dairy cattle recorded a sharp 9 percent drop, while total beef cattle were down only .5 percent.

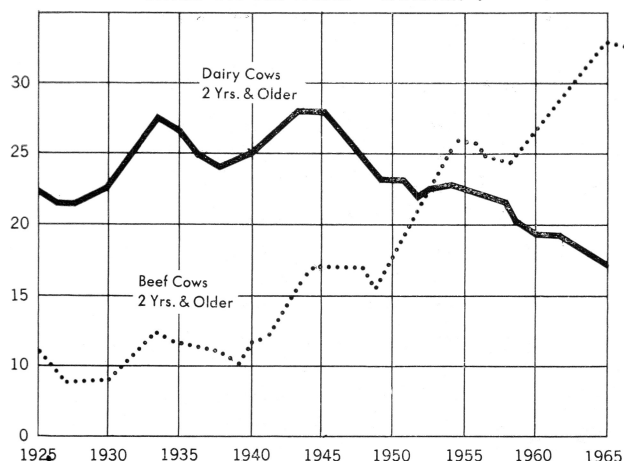
## BEEF NUMBERS UP . . .

Although U. S. beef cattle numbers were up slightly during 1965, there were decreases in some classes within this grouping. The January 1 count of beef cows 2 years and older was 32.6 million head, down slightly from the 32.8 million of a year earlier. Beef heifers 1 to 2 years of age were down 2 percent. Offsetting these declines were increases of 6 percent in steers 1 year and older and 2 percent in beef calves.

CATTLE AND CALVES ON U.S. FARMS AND RANCHES  
JANUARY 1



CATTLE ON U.S. FARMS — JANUARY 1



The beef cow herd, although down nationally, showed increases in several states. Largest increases were in Montana, California, Nebraska, Oklahoma and Wyoming. Texas, the leading beef cow state, reported a 1½ percent decrease. Iowa, which ranked eighth in beef cow numbers, showed a very slight decline from a year earlier.

The January 1 inventory indicated a small increase in the number of beef cattle available for feeding or herd replacement during the next few months. Total beef steers, beef heifers and beef calves were up 2 percent. Higher feeder cattle prices and favorable feed prospects may encourage a larger holdback of heifer yearlings and calves for herd replacement. But this should still leave slightly more cattle for feeding than a year ago.

With the decline in dairy cows, the nation's total cow herd is about 2 percent smaller than a year earlier. As a result, the 1966 calf crop will likely show a similar decrease. The beef calf crop, however, should be down only slightly.

With a larger holdback of heifers expected, the number of cattle available for feeding and slaughter in 1967 and 1968 will probably be down from this year. If economic conditions remain strong and range feed shortages do not

develop, fed cattle prices over the next two or three years should be relatively high. Beef demand will increase further with population and income gains. However, expected increases in pork and poultry supplies may temper the price strength in cattle. Too many heavy cattle could also limit price gains.

A strong demand for feeder cattle is likely during the next couple of years. Prices will probably be relatively high. This may keep feeding profits fairly narrow, even if fed cattle prices continue strong.

The downtrend in cattle numbers which started last year will probably be mild and of short duration. Higher feeder cattle prices and the favorable price outlook for fed cattle should encourage an early renewal of the expansion. If feed supplies remain ample, a slower culling rate and larger additions of young stock to herds could start numbers climbing during 1967.

#### SHARP DROP IN DAIRY CATTLE . . .

The number of dairy cows 2 years and older on U. S. farms January 1, 1966, totaled 16.6 million head, down 6 percent from a year earlier. Dairy heifers 1 to 2 years old and heifer calves showed declines of 7 and 5 percent respectively. This continued the long-term downtrend in dairy cattle that has been underway since the mid-forties. Milk cow numbers are at their lowest level since 1900.

The decline in the number of milk cows on U. S. farms in 1965 more than offset gains in milk output per cow. January milk production dropped 5 percent below a year earlier. Milk production in the final three months of 1965 was 4 percent below the previous year.

One result has been a reduction in the volume of milk available for manufacturing uses and some tightening of supplies for fluid use. Government stocks of manufactured dairy products have also dropped sharply the past year. The overall situation has led to a stronger market and suspension of scheduled seasonal cuts in producer milk prices this spring in a number of federal market order areas.

#### SHEEP NUMBERS DOWN SLIGHTLY . . .

The January 1, 1966, count of sheep and lambs on U. S. farms and ranches was 26.5 million head. This was 1 percent below a year earlier and marked the sixth year of decline in the current production cycle. Stock sheep numbers at 23.1 million head were also down 1 percent and the smallest of record.

Sheep and lamb numbers dropped sharply in Iowa during 1965. The January 1 inventory totaled 1,187,000 head, 10 percent fewer than a year earlier. The number of stock sheep on Iowa farms also declined 10 percent.

More ewe lambs were held back for flock replacement last year, however. This is expected to continue this year, with a modest expansion in sheep and lamb numbers likely in 1966.

Sheep and lamb slaughter in 1965 was 11 percent below the 1964 level. With the stock sheep inventory down slightly, the 1966 lamb crop will probably be a little smaller than last year. And with more ewe lambs expected to be held for breeding, lamb slaughter will be under 1965 levels most of this year. Prices should continue relatively high for slaughter lambs, with late spring and summer levels near or a little above a year earlier.

—Gene Futrell

